

CIRM LOAN PROGRAM TERMS

Availability of Loans: Loans are only available for awards of \$3 million or more.

Type of Loans: CIRM offers *recourse* and *non-recourse* loans. The recipient of a recourse loan is required to repay CIRM, regardless of the success of the CIRM-funded project while the obligation of a recipient of a non-recourse loan to repay CIRM may be suspended or forgiven based on the status of the CIRM-funded project.

Term of Loan: 6 or 10 years.

Collateral/Personal Guarantee: Not required.

Repayment: Principle and accrued interest are payable on last day of loan term, unless repayment obligation has been suspended or forgiven (*see* Type of Loan, above), or accelerated (*see* Acceleration Provisions, below).

Interest: Simple interest set in each RFA (Disease Team Award interest rate = prime plus 300 basis points (6-year term) or prime plus 500 basis points (10-year term)).

Warrant Coverage: Recourse = 10% of loan amount; nonrecourse = *lesser* of 20% of loan recipient's shares (fully diluted) or 100% of loan amount.

Price of Warrants: Public companies = closing price of the loan recipient's common stock on the business day immediately before CIRM disburses funds; private companies = the share price from the most recent round of equity financing prior to ICOC approval; if no previous round, the warrants are floated until next round.

Expiration of Warrants: 10 years from date of issuance.

Transfer of Warrants: Warrants are transferrable.

Intellectual Property: Loan recipient owns IP; revenue sharing provisions of CIRM's IP regulations do not apply.

Acceleration Provisions:

Change of Control: In the event of any change of control, including a merger with a public or private company, where the combined enterprise value exceeds \$100M, loan balance becomes due and payable within 30 days.

Follow-On Financing: In the event the loan recipient secures follow-on financing that exceeds the lesser of \$60M or 20 times the amount of the loan, the loan balance becomes due and payable within 30 days.

Relinquishment or Termination: If the loan recipient relinquishes the loan or if CIRM terminates the loan, the loan balance becomes due and payable within 90 days.

Pivotal Trial (only applies to 10-year loans): In the event of a pivotal trial based on CIRM-funded research, loan balance is due and payable within 6 months of start of trial.